

**Company Registration No. 3589112**

**Planet Oil International plc**

**Report and Financial Statements**

**31 December 2008**

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# **Planet Oil International plc**

## **Report and financial statements 2008**

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# **Planet Oil International plc**

## **Report and financial statements 2008**

### **Officers and professional advisers**

#### **Directors**

A G Martin  
I Springett

#### **Secretary**

R Taylor (Appointed 18/09/2008)  
A G Martin (Resigned 18/09/2008)

#### **Registered Office**

3rd Floor  
Building 11  
Chiswick Park  
566 Chiswick High Road  
London  
W4 5YS

#### **Bankers**

ABN Amro NV  
250 Bishopsgate  
London  
EC2M 4AA

#### **Auditors**

Deloitte LLP  
Chartered Accountants  
London

# **Planet Oil International plc**

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

### **Principal activity and review of business**

The principal activity of the company is that of an investment holding company. The company holds the entire issued share capital of Planet Oil Holdings Limited and Planet Oil Limited.

The directors do not expect any significant change to the company's activities to occur in the following financial year.

The company had little trading during the year as outlined in the Income Statement on page 7.

The financial position of the company has not significantly differed from the prior year except for the movement in the foreign currency translation reserve.

### **Results and dividends**

The company made a loss of £832 454 (2007: profit of £6 042) for the year which has been transferred from/to reserves.

No dividends have been paid during the current or prior year.

### **Principal risks and uncertainties**

The company recognises that effective risk management is fundamental to achieving its business objectives. Risk management contributes to the success of the business by identifying opportunities and anticipating risks in order to improve business performance and maximise profit.

The company uses financial instruments, other than derivatives, comprising borrowings from the parent undertaking that arise from its operations. The main purpose of these financial instruments is to finance for the company's operations. The main risks arising from the company's financial instruments are interest rate risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

#### *(a) Interest rate and liquidity risk*

The company finances its operations through borrowings from the parent company which are interest free. Advances are made by the parent company to meet funding requirements as necessary.

#### *(b) Currency risk*

The company is exposed to translation foreign exchange risk. In relation to translation risk the proportion of assets held in the foreign currency are matched to an appropriate level of borrowings in the same currency.

# Planet Oil International plc

## Directors' report

### Directors and their interests

T Hickey (Resigned 18/09/2008)  
A G Martin  
I Springett (Appointed 18/09/2008)

The directors did not have any interest in the shares of the company at any time during the year. In accordance with the Articles of Association, none of the directors retire by rotation.

### Directors' indemnity

The company has made qualified third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### Going concern

Although there is considerable economic uncertainty at the present time the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts and have a letter of support from the ultimate parent company, Tullow Oil plc.

### Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

On 1 December 2008, Deloitte & Touche LLP changed its name to Deloitte LLP. Deloitte LLP have expressed their willingness to continue in office. A resolution to reappoint them will be proposed at the forthcoming Annual general Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



Director

29 September 2009

# **Planet Oil International plc**

## **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to be properly prepared in accordance with IFRSs as adopted by the European Union and the Companies Act 1985.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditors' report to the members of Planet Oil International plc**

We have audited the financial statements of Planet Oil International plc for the year ended 31 December 2008 which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

The report is made solely to the company's member, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by the law, we do not accept or assume responsibility to anyone other than the company and the company's member as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Independent auditors' report to the members of Planet Oil International plc (continued)**

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



**Deloitte LLP**  
Chartered Accountants and Registered Auditors  
London, UK  
29 September 2009



## Planet Oil International plc

### Income Statement Year ended 31 December 2008

	Note	2008 £	2007 £
Revenue			-
Administrative costs		(591)	(5,524)
Other income		-	11,570
Operating (loss ) / profit	7	(591)	6,046
Finance costs		(831,863)	(4)
(Loss) / profit on ordinary activities before taxation		(832,454)	6,042
Tax on (loss)/profit on ordinary activities	8	-	-
(Loss)/profit for the year		(832,454)	6,042


# Planet Oil International plc

## Balance sheet 31 December 2008

	Note	2008 £	2007 £ Restated
<b>Assets</b>			
<b>Non Current assets</b>			
Investment in subsidiaries	2	-	-
<b>Current assets</b>			
Cash and cash equivalents		-	549
Amount due from group company	3	7,502,219	6,211,245
<b>Total assets</b>		<u>7,502,219</u>	<u>6,211,794</u>
<b>Equity and liabilities</b>			
<b>Equity</b>		(4,839,603)	(2,735,146)
Share capital	4	700,000	700,000
Share premium	5	73,590	73,590
Foreign currency translation reserve		(1,558,549)	(286,546)
Retained loss		(4,054,644)	(3,222,190)
<b>Current liabilities</b>			
Amount due to group company	6	12,341,822	8,946,940
<b>Total equity and liabilities</b>		<u>7,502,219</u>	<u>6,211,794</u>

These financial statements were approved by the Board of Directors on 29 September 2009.

Signed on behalf of the Board of Directors

  
I Springett  
Director

  
A G Martin  
Director

## Planet Oil International plc

### Statement of changes in equity Year ended 31 December 2008

	Share capital £	Share premium £	Foreign currency translation reserve £	Retained loss £	Total £
<b>Balance at 31 December 2006</b>	700,000	73,590	(408,155)	(9,439,477)	(9,074,042)
Profit for the year	-	-	-	6,042	6,042
Change in foreign currency translation reserve	-	-	121,609	-	121,609
Prior year adjustment	-	-	-	6,211,245	6,211,245
<b>Balance at 31 December 2007 as restated</b>	700,000	73,590	(286,546)	(3,222,190)	(2,735,146)
Loss for the year	-	-	-	(832,454)	(832,454)
Change in foreign currency translation reserve	-	-	(1,272,003)	-	(1,272,003)
<b>Balance at 31 December 2008</b>	700,000	73,590	(1,558,549)	(4,054,644)	(4,839,603)

# Planet Oil International plc

## Cashflow statement Year ended 31 December 2008

	Note	2008 £	2007 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	10	(591)	(47)
<b>Net cash outflow from operating activities</b>		<u>(591)</u>	<u>(47)</u>
<b>Net cash flow from investing activities</b>		-	-
<b>Net cash flow from financing activities</b>			
Intercompany loan accounts		42	-
<b>Net cash outflow from financing activities</b>		<u>42</u>	<u>-</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(549)</u>	<u>(47)</u>
Cash and cash equivalents at beginning of the year		549	596
Translation difference		-	-
<b>Cash and cash equivalents at end of the year</b>		<u>-</u>	<u>549</u>

# Planet Oil International plc

## Notes to the accounts Year ended 31 December 2008

### 1. Accounting policies

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The particular accounting policies adopted are described below.

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and on the going concern basis, in accordance with applicable law and with applicable International Financial Reporting Standards.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

Amendments to IFRS 7	Improving Disclosures about Financial Instruments	1 January 2009
IFRS 1	First-time Adoption of International Financial Reporting Standards	1 January 2009
IFRS 3	Business Combinations	1 July 2009
Amendment to IAS 23	Borrowing Costs	1 January 2009
Amendments to IAS 1	Presentation of Financial Statements	1 January 2009
Amendments to IAS 27	Consolidated and Separate Financial Statements	1 July 2009
Amendment to IFRS 2	Vesting Conditions and Cancellations	1 January 2009
Amendments to IFRS 1 and IAS 27	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
IFRS 8	Operating Segments	1 January 2009

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the company.

#### **Group accounts**

The company has taken advantage of the relief available under IAS 27 "Consolidated and Separate Financial Statements" and has not prepared consolidated accounts for its group as it is a wholly owned subsidiary undertaking of Tullow Oil plc, a company incorporated in the United Kingdom. Tullow Oil plc prepares its consolidated accounts in accordance with IFRS and these can be obtained at Building 11, Chiswick Park, 566 Chiswick High Road, London, W4 5YS.

#### **Financial instruments**

##### ***Financial assets***

##### ***Cash and cash equivalents***

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash and cash equivalents are measured at cost or amortised cost.

# Planet Oil International plc

## Notes to the accounts Year ended 31 December 2008

### 1. Accounting policies (continued)

#### Financial instruments (continued)

##### *Derecognition of financial assets*

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

##### *Financial liabilities and equity instruments issued by the company*

##### *Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

##### *Trade and other payables*

Trade and other payables are stated at their nominal value.

##### *Holding company loan*

The non-interest bearing loan from the holding company is recorded at amortised cost.

##### *Equity instruments*

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

##### *Derecognition of financial liabilities*

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

#### Investment in subsidiaries

Investments in subsidiaries are stated at cost and reviewed for impairment if there are indications that the carrying value may not be recoverable.

#### Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

# Planet Oil International plc

## Notes to the accounts Year ended 31 December 2008

### 1. Accounting policies (continued)

#### Taxation (continued)

##### *Deferred tax*

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

#### Taxation (continued)

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

#### Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange prevailing at the balance sheet date. Revenue and expenses are translated at rates of exchange prevailing at the transaction dates. Gains or losses on exchange are included in the determination of net income in the year in which they arise, with the exception of the foreign currency translation reserve included in equity.

The financial statements of the company is presented in British Pounds (GBP) (its presentation currency), however the currency in the primary economic environment in which the entity operates United States Dollars (USD) (its functional currency).

### 2. Investment in subsidiaries

#### 2.1 Investment in Planet Oil Limited (incorporated in England and Wales)

	2008 £	2007 £
Total interest in Planet Oil Limited		
At cost - 110,000 ordinary shares (representing 100% of total shares in issue)	110,000	110,000
Provision for impairment	(110,000)	(110,000)
Carrying amount	<u>-</u>	<u>-</u>

# Planet Oil International plc

## Notes to the accounts Year ended 31 December 2008

### 2. Investment in subsidiaries (continued)

#### 2.2 Investment in Planet Oil Holdings Limited (incorporated in Guernsey)

	2008 £	2007 £
Total interest in Planet Oil Holdings Limited		
At cost - 2 ordinary shares (representing 100% of total shares in issue)	2	2
Provision for impairment	(2)	(2)
Carrying amount	<u>-</u>	<u>-</u>

### 3. Amount due from group company

	2008 £	2007 £ Restated
Planet Oil Limited	<u>7,502,219</u>	<u>6,211,244</u>

The loan is unsecured, has no fixed repayment terms and no interest is applicable. The balance will be settled via a transfer of funds. The loan is denominated in US Dollars.

Where necessary, comparative figures have been adjusted to conform to current year presentation.

### 4. Share capital

	2008 £	2007 £
<b>Authorised</b>		
35,000,000 ordinary shares of 2 pence each	<u>700,000</u>	<u>700,000</u>
<b>Issued</b>		
35,000,000 ordinary shares of 2 pence each	<u>700,000</u>	<u>700,000</u>

### 5. Share premium

	2008 £	2007 £
Share premium on issue of shares	<u>73,590</u>	<u>73,590</u>



# Planet Oil International plc

## Notes to the accounts Year ended 31 December 2008

### 6. Amount due to group company

	2008 £	2007 £ Restated
Hardman Resources Proprietary Limited	<u>12,341,822</u>	<u>8,946,940</u>

The loan due to the immediate holding company is unsecured, has no fixed repayment terms and no interest is applicable. The balance will be settled via a transfer of funds. The loan is denominated in US Dollars.

Where necessary, comparative figures have been adjusted to conform to current year presentation.

### 7. Operating profit/(loss)

Operating profit/(loss) is stated after charging/ (crediting):

	2008 £	2007 £
Fees payable to the company's auditors for the audit of the company's annual accounts	<u>-</u>	<u>(11,570)</u>

The current year fee for the audit of the company's financial statements of \$6 000 was borne by a fellow group company.

### 8. Taxation

No taxation is payable in the current year as the company did not derive any taxable income (2007: Nil).

	2008 %	2007 %
<b>Tax rate reconciliation</b>		
Effective rate	-	-
Unrecognised loss	0	30
Losses surrendered for group relief	<u>28.5</u>	<u></u>
Standard rate	<u>28.5</u>	<u>30</u>
	2008 £	2007 £
Accumulated unrecognised assessed loss	<u>285,126</u>	<u>285,126</u>

### 9. Directors' emoluments

None of the directors received any remuneration for their services to the company during the year (2007: Nil).

# Planet Oil International plc

## Notes to the accounts Year ended 31 December 2008

### 10. Cash utilised in operations

	2008 £	2007 £
(Loss) / profit for the year	(832,454)	6,042
Add back:		
Finance Cost	831,863	4
Adjusted for:		
Non cash item	-	(6,093)
Cash utilised in operations	<u>(591)</u>	<u>(47)</u>

### 11. Contingent liabilities and commitments

There were no contingent liabilities or commitments at the end of the year (2007: Nil).

### 12. Immediate and ultimate holding company

Hardman Resources Proprietary Limited, a company incorporated in Australia, is the holding company of Planet Oil International Plc.

Tullow Oil plc, a company incorporated in the United Kingdom, is the ultimate holding company of Planet Oil International Plc.

### 13. Related parties

The company in the ordinary course of business, entered into certain related party transactions.

The following represent balances with related parties:

	2008 £	2007 £
<b>Amount due from group company</b>		
Planet Oil Limited	<u>7,502,219</u>	<u>6,211,244</u>
<b>Amount due to group company</b>		
Hardman Resources Proprietary Limited	<u>12,341,822</u>	<u>8,946,940</u>

### 14. Financial instruments and risk management

#### Capital risk management

The capital structure of the company consists of debt, which includes the holding company loan disclosed in note 6, cash and cash equivalents and equity attributable to equity holders of the parent and related parties, comprising issued capital and an accumulated loss as disclosed in the statement of changes in equity.

#### Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

# Planet Oil International plc

## Notes to the accounts Year ended 31 December 2008

### 14. Financial instruments and risk management (continued)

#### Categories of financial instruments

	2008 £	2007 £
<i>Financial assets</i>		
Cash and cash equivalents	-	549
Loans and receivables	7,502,219	6,211,245
	<u>7,502,219</u>	<u>6,211,245</u>
<i>Financial liabilities</i>		
Loan and payables	12,341,822	8,946,940
	<u>12,341,822</u>	<u>8,946,940</u>

#### Financial risk management objectives

The company seeks to minimise the effects of fair value interest rate risk and price risk through active management processes. The company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

#### Market risk

There has been no change to the company's exposure to market risks or the manner in which it manages and measures the risk.

#### Liquidity and interest risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements. The company is able to actively source financing from its shareholder.

#### Liquidity and interest risk tables

The following tables detail the company's remaining contractual maturity for its non-derivative financial assets and liabilities.

	Interest rate %	Year 1 £	Years 1-5 £	Over 5 years £	Total £
<b>2008</b>					
<b>Assets</b>					
Amount due from group company	Interest free	<u>7,502,219</u>	<u>-</u>	<u>-</u>	<u>7,502,219</u>
	Interest rate %	Year 1 £	Years 1-5 £	Over 5 years £	Total £
<b>2008</b>					
<b>Liabilities</b>					
Amount due to group company	Interest free	<u>12,341,822</u>	<u>-</u>	<u>-</u>	<u>12,341,822</u>

# Planet Oil International plc

## Notes to the accounts Year ended 31 December 2008

### 14. Financial instruments and risk management (continued)

#### Liquidity and interest risk tables (continued)

	Interest rate %	Year 1 £	Years 1-5 £	Over 5 years £	Total £
<b>2007</b>					
<b>Assets</b>					
Cash and cash equivalents	Interest free	549	-	-	549
Amount due from grup company		<u>6,211,245</u>	<u>-</u>	<u>-</u>	<u>6,211,245</u>
	Interest rate %	Year 1 £	Years 1-5 £	Over 5 years £	Total £
<b>2007</b>					
<b>Liabilities</b>					
Amount due to group company	Interest free	<u>8,946,940</u>	<u>-</u>	<u>-</u>	<u>8,946,940</u>